

**Wisconsin Power and Light Company**  
**Docket No. 6680-UR-117**  
**Summary WIEG Cost of Capital Recommendations**  
**(\$ Millions)**

**I. Wisconsin Power and Light Company Cost of Capital Per Filing**

	Capital	Capital Ratio	Component Costs	Weighted Avg Cost	Grossed Up Cost
Short Term Debt	\$64.158	2.52%	5.35%	0.13%	0.13%
Long Term Debt	\$1,058.331	41.58%	6.87%	2.86%	2.86%
Preferred Equity	\$59.963	2.36%	5.52%	0.13%	0.22%
Common Equity	\$1,362.895	53.54%	11.00%	5.89%	9.84%
Total Capital	\$2,545.347	100.0%		9.01%	13.05%
Ratio of Total NIRB and CWIP to Utility Capital (Exh 6 Sch 4)				91.51%	91.51%
Adjusted Capital for Rate Base Investment				9.85%	14.26%
Return on CWIP at Adjusted Capital Rate (256.208 x 9.85%)			\$25.226		
Net Investment Rate Base as Filed (Retail Electric)			<u>\$1,361.826</u>		
Return Associated with CWIP				1.85%	2.68%
Adjustment to Provide Short Term Debt Return on Reg Assets				0.09%	0.09%
Adjusted Return Requirement on Utility Net Investment Rate Base (FR-16)				<u>11.79%</u>	<u>17.03%</u>

**II. Wisconsin Power and Light Company Cost of Capital to Reduce Cost of Common Equity to 10.6%**

	Capital	Capital Ratio	Component Costs	Weighted Avg Cost	Grossed Up Cost
Short Term Debt	\$64.158	2.52%	5.35%	0.13%	0.13%
Long Term Debt	\$1,058.331	41.58%	6.87%	2.86%	2.86%
Preferred Equity	\$59.963	2.36%	5.52%	0.13%	0.22%
Common Equity	\$1,362.895	53.54%	10.60%	5.68%	9.48%
Total Capital	\$2,545.347	100.0%		8.80%	12.69%
Ratio of Total NIRB and CWIP to Utility Capital (Exh 6 Sch 4)				91.51%	91.51%
Adjusted Capital for Rate Base Investment				9.62%	13.87%
Return on CWIP at Adjusted Capital Rate (256.208 x 9.62%)			\$24.638		
Net Investment Rate Base as Filed (Retail Electric)			<u>\$1,361.826</u>		
Return Associated with CWIP				1.81%	2.61%
Adjustment to Provide Short Term Debt Return on Reg Assets				0.09%	0.09%
Adjusted Return Requirement on Utility Net Investment Rate Base				<u>11.52%</u>	<u>16.57%</u>

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**III. Wisconsin Power and Light Company Cost of Capital to Remove Return on BTWF CWIP**

	Capital	Capital Ratio	Component Costs	Weighted Avg Cost	Grossed Up Cost
Short Term Debt	\$64.158	2.52%	5.35%	0.13%	0.13%
Long Term Debt	\$1,058.331	41.58%	6.87%	2.86%	2.86%
Preferred Equity	\$59.963	2.36%	5.52%	0.13%	0.22%
Common Equity	\$1,362.895	53.54%	10.60%	5.68%	9.48%
Total Capital	<u>\$2,545.347</u>	<u>100.0%</u>		<u>8.80%</u>	<u>12.69%</u>
Ratio of Total NIRB and CWIP to Utility Capital (Exh 6 Sch 4)				<u>91.51%</u>	<u>91.51%</u>
Adjusted Capital for Rate Base Investment				9.62%	13.87%
Return on CWIP as Filed at Adjusted Capital Rate (256.208 x 9.62%)			\$24.638		
Removal of Return on CWIP for BTWF at Adjusted Capital Rate (215.895 x 9.62%)			(\$20.761)		
Net Investment Rate Base as Filed (Retail Electric)			<u>\$1,361.826</u>		
Return Associated with CWIP				0.28%	0.41%
Adjustment to Provide Short Term Debt Return on Reg Assets				0.09%	0.09%
Adjusted Return Requirement on Utility Net Investment Rate Base				<u>9.99%</u>	<u>14.37%</u>

**IV. Wisconsin Power and Light Company Cost of Capital to Increase Ratio for BTWF AFUDC**

	Capital	Capital Ratio	Component Costs	Weighted Avg Cost	Grossed Up Cost
Short Term Debt	\$64.158	2.52%	5.35%	0.13%	0.13%
Long Term Debt	\$1,058.331	41.58%	6.87%	2.86%	2.86%
Preferred Equity	\$59.963	2.36%	5.52%	0.13%	0.22%
Common Equity	\$1,362.895	53.54%	10.60%	5.68%	9.48%
Total Capital	<u>\$2,545.347</u>	<u>100.0%</u>		<u>8.80%</u>	<u>12.69%</u>
Ratio of Total NIRB and CWIP to Utility Capital (Exh 6 Sch 4)				<u>91.54%</u>	<u>91.54%</u>
Adjusted Capital for Rate Base Investment				9.61%	13.86%
Return on CWIP as Filed at Adjusted Capital Rate (256.208 x 9.61%)			\$24.630		
Removal of Return on CWIP for BTWF at Adjusted Capital Rate (215.895 x 9.61%)			(\$20.755)		
Net Investment Rate Base as Filed (Retail Electric)			<u>\$1,361.826</u>		
Return Associated with CWIP				0.28%	0.41%
Adjustment to Provide Short Term Debt Return on Reg Assets				0.09%	0.09%
Adjusted Return Requirement on Utility Net Investment Rate Base				<u>9.99%</u>	<u>14.36%</u>

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**V. Wisconsin Power and Light Company Cost of Capital to Increase Ratio for Regulatory Asset Pension Contributions**

	Capital	Capital Ratio	Component Costs	Weighted Avg Cost	Grossed Up Cost
Short Term Debt	\$64.158	2.52%	5.35%	0.13%	0.13%
Long Term Debt	\$1,058.331	41.58%	6.87%	2.86%	2.86%
Preferred Equity	\$59.963	2.36%	5.52%	0.13%	0.22%
Common Equity	\$1,362.895	53.54%	10.60%	5.68%	9.48%
Total Capital	\$2,545.347	100.0%		8.80%	12.69%
Ratio of Total NIRB and CWIP to Utility Capital (Exh 6 Sch 4)				93.97%	93.97%
Adjusted Capital for Rate Base Investment				9.36%	13.50%
Return on CWIP as Filed at Adjusted Capital Rate (256.208 x 9.36%)			\$23.993		
Removal of Return on CWIP for BTWF at Adjusted Capital Rate (215.895 x 9.36%)			(\$20.218)		
Net Investment Rate Base as Filed (Retail Electric)			<u>\$1,361.826</u>		
Return Associated with CWIP				0.28%	0.40%
Adjustment to Provide Short Term Debt Return on Reg Assets				0.09%	0.09%
Adjusted Return Requirement on Utility Net Investment Rate Base				<u>9.73%</u>	<u>13.99%</u>

**VI. Wisconsin Power and Light Company Cost of Capital to Increase Ratio by Removing Certain Deferred Debits**

	Capital	Capital Ratio	Component Costs	Weighted Avg Cost	Grossed Up Cost
Short Term Debt	\$64.158	2.52%	5.35%	0.13%	0.13%
Long Term Debt	\$1,058.331	41.58%	6.87%	2.86%	2.86%
Preferred Equity	\$59.963	2.36%	5.52%	0.13%	0.22%
Common Equity	\$1,362.895	53.54%	10.60%	5.68%	9.48%
Total Capital	\$2,545.347	100.0%		8.80%	12.69%
Ratio of Total NIRB and CWIP to Utility Capital (Exh 6 Sch 4)				94.52%	94.52%
Adjusted Capital for Rate Base Investment				9.31%	13.43%
Return on CWIP as Filed at Adjusted Capital Rate (256.208 x 9.31%)			\$23.853		
Removal of Return on CWIP for BTWF at Adjusted Capital Rate (215.895 x 9.31%)			(\$20.100)		
Net Investment Rate Base as Filed (Retail Electric)			<u>\$1,361.826</u>		
Return Associated with CWIP				0.28%	0.40%
Adjustment to Provide Short Term Debt Return on Reg Assets				0.09%	0.09%
Adjusted Return Requirement on Utility Net Investment Rate Base				<u>9.68%</u>	<u>13.91%</u>

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**VII. Wisconsin Power and Light Company Cost of Capital to Increase Ratio to Remove Unamortized Debt and Reacquisition Costs**

	Capital	Capital Ratio	Component Costs	Weighted Avg Cost	Grossed Up Cost
Short Term Debt	\$64.158	2.52%	5.35%	0.13%	0.13%
Long Term Debt	\$1,058.331	41.58%	6.87%	2.86%	2.86%
Preferred Equity	\$59.963	2.36%	5.52%	0.13%	0.22%
Common Equity	\$1,362.895	53.54%	10.60%	5.68%	9.48%
Total Capital	\$2,545.347	100.0%		8.80%	12.69%
Ratio of Total NIRB and CWIP to Utility Capital (Exh 6 Sch 4)				95.45%	95.45%
Adjusted Capital for Rate Base Investment				9.22%	13.29%
Return on CWIP as Filed at Adjusted Capital Rate (256.208 x 9.22%)			\$23.621		
Removal of Return on CWIP for BTWF at Adjusted Capital Rate (215.895 x 9.22%)			(\$19.904)		
Net Investment Rate Base as Filed (Retail Electric)			<u>\$1,361.826</u>		
Return Associated with CWIP				0.27%	0.39%
Adjustment to Provide Short Term Debt Return on Reg Assets				0.09%	0.09%
Adjusted Return Requirement on Utility Net Investment Rate Base				<u>9.58%</u>	<u>13.78%</u>

**VIII. Wisconsin Power and Light Company Cost of Capital to Adjust Financial CE Ratio to 48.5% Via Short Term Debt**

	Capital	Capital Ratio	Component Costs	Weighted Avg Cost	Grossed Up Cost
Short Term Debt	\$154.155	6.06%	5.35%	0.32%	0.32%
Long Term Debt	\$1,058.331	41.58%	6.87%	2.86%	2.86%
Preferred Equity	\$59.963	2.36%	5.52%	0.13%	0.22%
Common Equity	\$1,272.898	50.01%	10.60%	5.30%	8.85%
Total Capital	\$2,545.347	100.0%		8.61%	12.25%
Ratio of Total NIRB and CWIP to Utility Capital (Exh 6 Sch 4)				95.45%	95.45%
Adjusted Capital for Rate Base Investment				9.02%	12.83%
Return on CWIP as Filed at Adjusted Capital Rate (256.208 x 9.02%)			\$23.111		
Removal of Return on CWIP for BTWF at Adjusted Capital Rate (215.895 x 9.02%)			(\$19.475)		
Net Investment Rate Base as Filed (Retail Electric)			<u>\$1,361.826</u>		
Return Associated with CWIP				0.27%	0.38%
Adjustment to Provide Short Term Debt Return on Reg Assets				0.09%	0.09%
Adjusted Return Requirement on Utility Net Investment Rate Base				<u>9.38%</u>	<u>13.30%</u>

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**IX. Wisconsin Power and Light Company Cost of Capital to Increase Short Term Debt to \$250 Million Via Long Term Debt**

	Capital	Capital Ratio	Component Costs	Weighted Avg Cost	Grossed Up Cost
Short Term Debt	\$250.000	9.82%	5.35%	0.53%	0.53%
Long Term Debt	\$962.486	37.81%	6.87%	2.60%	2.60%
Preferred Equity	\$59.963	2.36%	5.52%	0.13%	0.22%
Common Equity	\$1,272.898	50.01%	10.60%	5.30%	8.85%
Total Capital	\$2,545.347	100.0%		8.55%	12.20%
Ratio of Total NIRB and CWIP to Utility Capital (Exh 6 Sch 4)				95.45%	95.45%
Adjusted Capital for Rate Base Investment				8.96%	12.78%
Return on CWIP as Filed at Adjusted Capital Rate (256.208 x 8.96%)			\$22.950		
Removal of Return on CWIP for BTWF at Adjusted Capital Rate (215.895 x 8.96%)			(\$19.339)		
Net Investment Rate Base as Filed (Retail Electric)			<u>\$1,361.826</u>		
Return Associated with CWIP				0.27%	0.38%
Adjustment to Provide Short Term Debt Return on Reg Assets				0.09%	0.09%
Adjusted Return Requirement on Utility Net Investment Rate Base				<u>9.31%</u>	<u>13.25%</u>

**X. Wisconsin Power and Light Company Cost of Capital to Reset STD Rate to 2.00%**

	Capital	Capital Ratio	Component Costs	Weighted Avg Cost	Grossed Up Cost
Short Term Debt	\$250.000	9.82%	2.00%	0.20%	0.20%
Long Term Debt	\$962.486	37.81%	6.87%	2.60%	2.60%
Preferred Equity	\$59.963	2.36%	5.52%	0.13%	0.22%
Common Equity	\$1,272.898	50.01%	10.60%	5.30%	8.85%
Total Capital	\$2,545.347	100.0%		8.23%	11.87%
Ratio of Total NIRB and CWIP to Utility Capital (Exh 6 Sch 4)				95.45%	95.45%
Adjusted Capital for Rate Base Investment				8.62%	12.44%
Return on CWIP as Filed at Adjusted Capital Rate (256.208 x 8.62%)			\$22.091		
Removal of Return on CWIP for BTWF at Adjusted Capital Rate (215.895 x 8.62%)			(\$18.615)		
Net Investment Rate Base as Filed (Retail Electric)			<u>\$1,361.826</u>		
Return Associated with CWIP				0.26%	0.37%
Adjustment to Provide Short Term Debt Return on Reg Assets				0.09%	0.09%
Adjusted Return Requirement on Utility Net Investment Rate Base				<u>8.97%</u>	<u>12.89%</u>

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**XI. Wisconsin Power and Light Company Cost of Capital to Eliminate Regulatory Asset Return Adder of 0.09%**

	Capital	Capital Ratio	Component Costs	Weighted Avg Cost	Grossed Up Cost
Short Term Debt	\$250.000	9.82%	2.00%	0.20%	0.20%
Long Term Debt	\$962.486	37.81%	6.87%	2.60%	2.60%
Preferred Equity	\$59.963	2.36%	5.52%	0.13%	0.22%
Common Equity	\$1,272.898	50.01%	10.60%	5.30%	8.85%
Total Capital	\$2,545.347	100.0%		8.23%	11.87%
Ratio of Total NIRB and CWIP to Utility Capital (Exh 6 Sch 4)				95.45%	95.45%
Adjusted Capital for Rate Base Investment				8.62%	12.44%
Return on CWIP as Filed at Adjusted Capital Rate (256.208 x 8.62%)			\$22.091		
Removal of Return on CWIP for BTWF at Adjusted Capital Rate (215.895 x 8.62%)			(\$18.615)		
Net Investment Rate Base as Filed (Retail Electric)			<u>\$1,361.826</u>		
Return Associated with CWIP				0.26%	0.37%
Adjustment to Provide Short Term Debt Return on Reg Assets				0.00%	0.00%
Adjusted Return Requirement on Utility Net Investment Rate Base				<u>8.88%</u>	<u>12.80%</u>